



# **FBI PRESS RELEASE**

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### **For Immediate Release**

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### **INTERNATIONAL INVESTIGATION CONDUCTED JOINTLY BY FBI AND LAW ENFORCEMENT AUTHORITIES IN PEOPLE'S REPUBLIC OF CHINA RESULTS IN MULTIPLE ARRESTS IN CHINA AND SEIZURES OF COUNTERFEIT MICROSOFT AND SYMANTEC SOFTWARE**

A joint investigation conducted by the FBI and authorities with the People's Republic of China's (PRC) Ministry of Public Security (MPS) has resulted in multiple arrests and the seizure of more than a half billion dollars worth of counterfeit software, announced J. Stephen Tidwell, Assistant Director in Charge of the FBI in Los Angeles, and Steven Hendershot, the FBI's Legal Attache in Beijing, China.

The operation, codenamed "Summer Solstice," began in 2005 and since then, law enforcement in both countries have worked closely by sharing information to jointly investigate multinational conspiracies by groups who manufacture and distribute counterfeit software products around the world. This unprecedented cooperative effort led to the arrest of twenty five individuals, the search of multiple businesses and residential locations, asset seizures by the Chinese government worth over \$7 million, and the seizure of over 290,000 counterfeit software CDs and COAs (certificates of authenticity) in China. The counterfeit software has an estimated retail value of \$500 million. In addition, Agents with the FBI's Los Angeles Field Office executed 24 searches and asset seizure warrants, yielding approximately \$2 million in counterfeit software products, in addition to assets seized by the U.S. government worth over \$700,000.

Operation Summer Solstice encompasses multiple investigations currently being conducted by the FBI in Los Angeles and the MPS, Economic Crime Investigation Department (ECID), in which criminal organizations responsible for manufacturing and distributing counterfeit software have been identified in both Shanghai and Shenzhen; as were distributors located in the United States.

One such group, the MA Ke Pei organization, based in Shanghai, was allegedly responsible for supplying counterfeit goods to many of the distributors based in the United States, whose offices have since been subjected to search warrants executed by the FBI. In 2003, MA Ke Pei, was indicted in New York for criminal copyright and trademark violations relating to the manufacture and distribution of counterfeit Microsoft products. MA fled the United States and returned to China, where he allegedly continued his counterfeit operation. Since returning to China, MA is alleged to have created and directed an international organization to manufacture and distribute counterfeit Symantec software products. The FBI in Los Angeles, working jointly with the MPS in China, provided substantial investigative assistance to support the ongoing MPS investigation into MA Ke Pei and his alleged criminal enterprise. This cooperative effort led to the arrest of MA Ke Pei and 10 of his co-conspirators. Chinese authorities froze over \$500,000 and 5 real estate properties owned by MA Ke Pei and seized equipment to manufacture counterfeit Symantec computer software products. Many of the American-based distributors where federal searches were executed were allegedly being supplied by the MA Ke Pei multinational criminal organization.

The MPS, ECID, in cooperation with the FBI and software industry investigators, identified more than fourteen major producers and/or distributors located in Shenzhen who allegedly produced high quality counterfeit software products that were subsequently distributed throughout the world. Industry experts believe that 70% of these counterfeit products were shipped to the United States and then sold to local distributors and retail customers; the remainder was sold to other countries around the world. The majority of Chinese-based

distributors advertised their products aggressively and recruited distributors via the Internet. This cooperative effort led to fourteen arrests including WANG Wenhua and CHE Tingfeng and 12 of their co-conspirators. Several search warrants led to the dismantlement of 6 manufacturing and retail facilities, the seizure of 8 high quality counterfeit Microsoft master CD replication disks and the seizure of over 47,000 counterfeit Microsoft CDs in Shenzhen, China. The individuals arrested in China are charged with violations of the PRC criminal copyright law and remain in custody.

J. Stephen Tidwell, Assistant Director in Charge of the FBI in Los Angeles stated, "The growing crime involving the theft of copyrighted material does not end at U.S. borders but affects the global economy. The buying and selling of counterfeit goods amounts to stealing the ideas of others and is no different than common theft, where the consequences of getting caught include going to jail and other serious penalties."

FBI Agents assigned to Los Angeles and the FBI's Legal Attache Office located in Beijing, China, provided information and substantial assistance in support of the investigation conducted by the MPS, ECID located in Beijing, Shanghai, and Shenzhen China. The FBI will continue their investigation into the criminal activity allegedly conducted by distributors based in the United States.

The joint investigation was facilitated and supported by the IP Criminal Enforcement Working Group of the U.S.-China Joint Liaison Group for law enforcement, which is co-chaired by the Criminal Division of the U.S. Department of Justice and the PRC, MPS. The Working Group is dedicated to increasing cooperation in intellectual property law enforcement efforts and pursuing more joint US-China cross-border criminal enforcement operations.